

Before the
Federal Communications Commission
Washington, D.C. 20554

RECEIVED - FCC

JUN 25 2012

Federal Communications Commission
Bureau / Office

In the Matter of

Verizon Telephone Companies

Tariff Nos. 1, 11, 14, 16

)
)
)
)
)
)

Tariff Nos. 1, 11, 14, and 16
Transmittal No. 1191

**COMMENTS OF THE PUBLIC SERVICE COMMISSION
OF THE DISTRICT OF COLUMBIA**

INTRODUCTION AND SUMMARY

In this filing, the Public Service Commission of the District of Columbia (DC PSC) comments on the proposed Access Recovery Charge (ARC) filed for the District of Columbia by Verizon in the above-cited tariff transmittal. The DC PSC reiterates its opposition to the new 47 C.F.R. § 51.915(e)(3), which permits companies to calculate the ARC on a holding company basis, since that requires District of Columbia ratepayers to compensate Verizon for revenue reductions due to interstate and intrastate terminating access service rate reform in other jurisdictions. The FCC should modify the new 47 C.F.R. § 51.519(e)(3). Furthermore, the FCC should reject Verizon's proposed ARC tariff, since the proposed tariff appears to improperly exempt Virginia ratepayers from paying the ARC.

IMPOSING AN ARC ON DISTRICT OF COLUMBIA RATEPAYERS IS INHERENTLY UNFAIR.

In the *USF/ICC Transformation Order and FNPRM*,¹ the Federal Communications Commission (FCC) permitted price cap carriers to recover a portion of their reduced intrastate

¹ *Connect America Fund; A National Broadband Plan for our Future; Establishing Just and Reasonable Rates for Local Exchange Carriers; High-Cost Universal Service Support; Developing a Unified Intercarrier Compensation Regime; Federal-State Board on Universal Service; Lifeline and Link Up; Universal Service Reform – Mobility Fund*, WC Dockets No. 10-90, 07-135, 05-337, 03-109, CC Dockets No. 01-92, 96-45, GN Docket No. 09-51, WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking (USF/ICC Transformation Order and FNPRM), rel. November 18, 2011.

No. of Copies rec'd
List ABCDE

2

and interstate terminating access service revenues from end users through the ARC. In 47 C.F.R. § 51.915(e)(3), price cap incumbent local exchange carriers (ILEC) are permitted to assess the ARC on end users in any of their jurisdictions, not just a jurisdiction in which they experience revenue reductions due to the interstate and intrastate terminating access rate reforms. The FCC capped the ARC at \$0.50 per month per line for residential and single line business end users.² For multi-line business end users, the ARC is capped at a \$1.00 monthly charge per line.³

On December 29, 2011, the DC PSC filed a Petition for Reconsideration of 47 C.F.R. § 51.519(e)(3), arguing that it was patently unfair to assess an ARC on District of Columbia ratepayers, since there is no lost intrastate terminating access service revenue to recover in the District of Columbia.⁴ Alternatively, the DC PSC sought a waiver of 47 C.F.R. § 51.519(e)(5)'s application to the District of Columbia. The FCC has not yet ruled on this Petition. The FCC should rule on this Petition before permitting Verizon's ARC to become effective in the District of Columbia.

VERIZON'S ARC IS IMPROPERLY CALCULATED.

Verizon has now filed its first ARC tariff with the FCC. The DC PSC notes that Verizon's proposed ARC for District of Columbia residential and single line business customers is \$0.36 per month, while the ARC for multi-line business customers is \$0.86 per line.⁵ The DC PSC also notes that there is no ARC imposed on Virginia end users, for which no explanation is

² 47 C.F.R. § 51.915(e)(5)(i).

³ 47 C.F.R. § 51.915(e)(5)(ii).

⁴ *Connect America Fund; A National Broadband Plan for our Future; Establishing Just and Reasonable Rates for Local Exchange Carriers; High-Cost Universal Service Support; Developing a Unified Intercarrier Compensation Regime; Federal-State Board on Universal Service; Lifeline and Link Up; Universal Service Reform – Mobility Fund*, WC Dockets No. 10-90, 07-135, 05-337, 03-109, CC Dockets No. 01-92, 96-45, GN Docket No. 09-51, WT Docket No. 10-208, Petition for Reconsideration of the Public Service Commission of the District of Columbia, filed December 29, 2011.

⁵ Verizon Transmittal 1191, Tariff F.C.C. No. 1, 4th revised page 4-17.1, filed June 18, 2012.

provided. Since it is the DC PSC's understanding that Virginia has not hit the Residential Rate Cap,⁶ the DC PSC believes that the exemption from the ARC for Virginia ratepayers is improper. The exclusion of Virginia ratepayers from the ARC means that District of Columbia ratepayers are paying for intrastate and interstate access service rate reforms in jurisdictions whose end users are not paying for the reform. This cross subsidy only increases the inequity on District of Columbia ratepayers. The FCC should direct Verizon to recalculate its ARC by imposing an ARC in Virginia.

THE IMPOSITION OF THE ARC JEOPARDIZES THE DC PSC'S EFFORTS TO MAINTAIN JUST AND REASONABLE RATES IN THE DISTRICT OF COLUMBIA.

The DC PSC is charged with ensuring that local telecommunications service rates are just, reasonable, and non-discriminatory.⁷ In order to comply with its statutory obligations, the DC PSC has approved and implemented a Price Cap Plan that caps rate increases on basic residential and single-line business services.⁸ Although surcharges are specifically exempted from these limitations on price increases,⁹ the cumulative effect of new FCC mandated surcharges is to increase DC residential and single-line business subscribers' bills significantly; the DC PSC estimates that the proposed ARC will increase District of Columbia ratepayer bills by slightly more than two million dollars this coming year. The new ARC surcharges impinge on the Commission's ability to ensure that rates for Verizon's local services are just, reasonable,

⁶ See, 47 C.F.R. § 51.519(b)(11); 47 C.F.R. 51.519(e)(5)(iii). It appears that the Virginia 1FR rates range between \$16.25 and \$19.37. The federal subscriber line charge is \$6.07, and the DC PSC is unaware of any state subscriber line charge or state universal service fund charge in Virginia. Even with the additional fees for extended area service (EAS), 911, and telecommunication relay service (TRS), it is unclear if the \$30 Residential Rate Cap has been reached in Virginia for even the areas in which the 1FR rate is \$19.37.

⁷ D.C. Code § 34-1101(a) (2010 Repl.).

⁸ See, *Formal Case No. 1057, In The Matter of Verizon Washington, D.C. Inc.'s Price Cap Plan 2007 for the Provision of Local Telecommunications Services in the District of Columbia*, Joint Response to the Public Service Commission of the District of Columbia Order No. 15056 (Price Cap Plan 2008) § 3, filed September 19, 2008

⁹ Price Cap Plan 2008, § 3(b).

and nondiscriminatory.

CONCLUSION

For the following reasons, the DC PSC urges the FCC to reject the proposed ARC as filed by Verizon.

The DC PSC appreciates the opportunity to submit these comments.

Respectfully submitted,

**PUBLIC SERVICE COMMISSION
of the DISTRICT OF COLUMBIA**

By: 

Richard A. Beverly, General Counsel
Lara Howley Walt

1333 H Street, N.W.
Suite 200, West Tower
Washington, D.C. 20005
202-626-5100

Its Attorneys

June 25, 2012